

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held Friday, October 16, 2009 @ 3:30 p.m.

Finance Committee Members Present: Edward Field, Treasurer; and Rochelle Lee;

Absent: Thomas Deller

Also Present: Alfred J. Moscola (General Manager); Maureen Neira; Henry Kinch; Mark Therrien; Ed Scott; and Stephen Richard (Outside Counsel).

Agenda Item 1: Approval of Minutes of September 18, 2009 Meeting

Mr. Field called the meeting to order and asked Ms. Lee if she had had a chance to review the minutes of the September 18, 2009 Finance Committee meeting. Ms. Lee indicated that she had and she moved that the minutes be approved as presented. Mr. Field seconded the motion and the minutes were approved.

Mr. Field said he wished to comment on an agenda item from last

month's Finance Committee, a discussion regarding Rite Solutions unsolicited proposal, but the item from last month was not on today's agenda. He asked the best way to rectify this in the future and after a brief discussion Ms. Mandly suggested that an "old business" agenda item be permanently added to the Finance Agenda. Mr. Field agreed with this suggestion and asked that she put an agenda item for "old business" on future agendas.

Mr. Field asked for an update on Rite Solutions and Ed Scott said he and Steve Mueller RIPTA's ITS consultant had spent the entire day before at Rite Solutions to determine their ability to respond to the RIPTA RFP as written. Mr. Scott said he and Steve Mueller will write a detailed report on their meeting and Rite Solutions capabilities.

Mark Therrien said he spoke with a representative from the Governor's office that made clear that RITPA is not to give Rite Solutions any special privileges rather we are to explore their proposal fully and determine if it is feasible proposal.

Agenda Item 2: RIDE RFP

Prior to the meeting Henry Kinch sent the committee members a document outlining the RIDE RFP and detailing the bid process and next steps going forward. The purpose of that document and today's discussion is to fully brief the Finance Committee so they can in turn summarize this very convoluted and controversial bid for the other

Board members at Monday's meeting and possibly make a recommendation.

Ed Scott discussed the bid saying the Board authorized staff to proceed with the RFP on June 15, 2009 and a proposal was issued on July 20, 2009 with two areas of service 1) Newport County and East Bay and 2) Northern and Western Providence County. The RFP is a 21 month bid commencing on October 1, 2009 with an end date of June 30, 2011. The bid also calls for three (3) annual renewals to be exercised at the sole discretion of the Authority. Subsequent renewal years will be based upon the annual increase in the consumer price index, not to exceed 3% annually.

He said the bids resulted in the existing bidders Maher and Northwest submitting bids with hourly rate increases for the same geographic areas they currently serve. Maher raised the rates in the Newport area from \$34.03 an hour to \$35.82, a 5.3% rate increase. Northwest Transportation raised the rates in the Woonsocket area from \$37.21 an hour to \$38.47, a 3.4% increase. RIPTA also raised its hourly rate to serve their four geographic areas of the state from \$31.67 an hour to \$34.01 a 7.3% increase. Mr. Scott noted that percentagewise RIPTA's increase is the highest; however our hourly rates have historically been much lower than the other providers and in fact remain much lower.

The committee members questioned staff regarding the rate

increases, funding for the RIde Program, geographic areas covered and the difficulty in getting this RFP issued particularly with getting other involved state agencies to participate in the process. Of particular concern was the ability of other state agencies and centers such as Trudeau and Fogarty to pay the increased hourly rate in these difficult economic times.

Next staff explained the award options available and the implications of these options. Messrs Kinch, Moscola and Scott explained that state funding agencies and others such as Trudeau and Fogarty have little or no funds to pay hourly rate increases and state funding agencies may simply refuse to pay RIPTA which could potentially lead to litigation. If RIPTA does not receive payment for services rendered we will be faced with the issue of whether or not to cancel service which would obviously lead to political fallout involving the Governor's office, State Legislature and State funding agencies.

Staff explained that if the Board chooses to cancel the bids then RIPTA could continue to operate service in the four (4) geographic areas it currently serves albeit at a loss. They warned that if all bids are canceled, the two bidders may seek court action.

Steve Richard opined that RIPTA can chose to offer the service to state agencies with the new proposed rates and the agencies can chose to accept, or not. This he said is the fundamental nature of a contract. Mr. Kinch added that RIPTA also has the right to not

provide the service if we are not paid.

Mr. Field asked how RIPTA is currently paid and Mr. Scott said RIPTA is told by the various agencies (DHS, MHRH, Elderly Affairs) to provide service up to “x” dollar amount. At a certain point in the year when RIPTA is approaching that figure we notified the agencies and they have always told us to continue providing the services and they pay us for said service. Mr. Scott believes that this puts them over budget but does not have any specific knowledge of how they address this.

Ms. Lee questioned staff at length regarding how the agencies receive their funding and how they will address the proposed rate increases. She was of the opinion that RIPTA may want to move forward with awarding the bids with the rate increases and then offer our assistance to the other agencies in helping them implement the rate increase and dole out the service. Ms. Lee acknowledged that this situation will lead to political fallout.

Mr. Moscola said that the agencies can respond to the rate increase in various ways. They could reduce the amount of trips, demand the same level of trips, but refuse to pay the increase, or review their clientele and transfer some clients to ADA, whose transportation costs would then be borne by RIPTA.

Mr. Field, Ms. Lee, staff and Mr. Richard then discussed the various

scenarios which could potentially lead to litigation. Mr. Field said in his opinion the chance of litigation was low and Mr. Richard said the case would be an uphill battle for the other vendors if they sued. Mr. Kinch said his biggest concern is that the other state agencies will refuse to pay RIPTA the rate increase and Ms. Neira said there was a 7-month period in 2003 when agencies refused to pay.

Mr. Field commented that the state looks to RIPTA to manage transportation and we will need to figure out how to continue to provide the service at the current price even if that means lowering driver's pay, cutting medical benefits, etc. Mr. Kinch said it is the state's problem and asked why RIPTA should shoulder the problem for them. Ms. Lee agreed asking why RIPTA should cover for DHS. Mr. Moscola commented that even if RIPTA continues to provide the service at the current price Maher and Northwest will not which might force RIPTA into the financial hardship of providing the service for the whole State which could in turn lead to a lawsuit.

Another lengthy discussion of the issues ensued. Mr. Field asked if some agencies are providing services for people who may not need it and said he does not know enough about the state budget process to be their representative. He added that if we proceed with services and at some point RIPTA is not being paid they should notify the Board immediately and they will take action. Ms. Lee said that if RIPTA is the transportation manager for the state we should be allowed to rely on our business acumen to provide the service as we

see fit.

Mr. Therrien commented that the human services study to be voted on at the Board meeting may identify some solutions to the bureaucratic problem of how to manage and pay for human services agencies transportation. He said that the problems with funding Ride are one reason this administration is pushing to get this study done quickly.

As no resolution was reached at today's meeting Mr. Field suggested that the topic be discussed further with the full Board at Monday's meeting.

Agenda Item 3: Adjournment

There being no further business Ms. Lee made a motion to adjourn the meeting. Mr. Field seconded the motion and it passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary